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FISCAL IMPACT STATEMENT

LS 7259

BILL NUMBER: HB 1267

NOTE PREPARED: Mar 15, 2011

BILL AMENDED: Mar 14, 2011

SUBJECT: Drug Testing and Unemployment Benefits.

FIRST AUTHOR: Rep. Kubacki

FIRST SPONSOR: Sen. Leising

BILL STATUS: As Passed Senate

FUNDS AFFECTED: X GENERAL
X DEDICATED
X FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) This bill provides that an individual is considered to have refused an offer of suitable work if the individual: (1) tests positive for drugs after; or (2) refuses without good cause to submit to; a drug test required by a prospective employer as a condition of an offer of employment. It also provides that the Department of Workforce Development's records concerning the results of a drug test may not be admitted against a defendant in a criminal proceeding.

Effective Date: July 1, 2011.

Explanation of State Expenditures: The impact on the state would be as an employer and also as the administrator of the Unemployment Insurance Trust. The state is a self-insurer. The state reimburses the trust for claims payments made, so a reduction in claims is a direct reduction in state costs.

The bill could also reduce expenditures from the Unemployment Insurance Trust if benefits are disqualified due to work refusal caused by the claimant having a positive preemployment drug test. A reduction in the claims on an employer's account would decrease the claims to the account and increase their experience account balance and could reduce the employer rate in future years. The impact would depend on the number of claims that were disqualified.

Background: The state paid about \$4.6 M in FY 2010, \$4.1 M in FY 2009, and \$4.1 M in FY 2008 to the Unemployment Insurance Trust Fund as an employer.

The trust fund paid about \$1 B in CY 2010, \$1.9 B in CY 2009, and \$1 B in CY 2008 for unemployment

benefits.

If a claimant is denied further benefits due to the refusal to accept a job, the claimant must re-qualify for regular unemployment benefits by earning an amount equal to or exceeding their weekly benefit amount for 8 weeks. The benefits are then reduced by 75% after the first refusal, 85% for the second refusal, and 90% for the third refusal.

Explanation of State Revenues:

Explanation of Local Expenditures: The impact on local units would be as an employer and possible reduction in unemployment insurance claims.

Explanation of Local Revenues:

State Agencies Affected: All.

Local Agencies Affected: All.

Information Sources:

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